

**First Regular Session
Seventy-second General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 19-0773.02 Nicole Myers x4326

HOUSE BILL 19-1270

HOUSE SPONSORSHIP

Sirota and Hansen,

SENATE SPONSORSHIP

(None),

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT THAT THE BOARD OF TRUSTEES OF THE**
102 **PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION TAKE CERTAIN**
103 **ACTIONS IN CONNECTION WITH CLIMATE-RELATED FINANCIAL**
104 **RISKS TO THE VARIOUS TRUST FUNDS MANAGED BY THE**
105 **ASSOCIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill requires the board of trustees (board) of the public employees' retirement association (PERA) to retain an organization with

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

experience in public sector pension plans to conduct a study to analyze any climate-related financial risk to the total assets of PERA (fund). The board is required to administer a competitive selection process to solicit unbiased and independent third-party organizations with the necessary credentials to bid for the study and to enter into a contract with the selected organization.

The organization selected by the board is required to include the following in its study:

- ! A comprehensive analysis of the climate-related financial risk of PERA's portfolio and the exposure of the fund to long-term risks;
- ! A summary of climate-related financial risk-related engagement activities undertaken; and
- ! A description of additional action that should be taken, or planned to be taken, by the board to address climate-related financial risk, including a list of proxy votes and shareholder proposals initiated by the board.

The board is required to deliver a report to the general assembly detailing the findings of the organization's analysis.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 24-51-222 as
3 follows:

4 **24-51-222. Climate-related financial risk analysis - definition.**

5 (1) THE BOARD SHALL RETAIN AN ORGANIZATION WITH EXPERIENCE IN
6 PUBLIC SECTOR PENSION PLANS TO CONDUCT A STUDY AS SPECIFIED IN
7 SUBSECTION (2) OF THIS SECTION. THE BOARD SHALL ADMINISTER A
8 COMPETITIVE SELECTION PROCESS AND SOLICIT INDEPENDENT
9 THIRD-PARTY ORGANIZATIONS WITH THE NECESSARY CREDENTIALS TO BID
10 FOR THE STUDY. THE BOARD SHALL SELECT AN ORGANIZATION THAT HAS
11 A HISTORY OF UNBIASED RESULTS AND SHALL NOT SELECT AN
12 ORGANIZATION THAT HAS A KNOWN CONFLICT OF INTEREST THAT MAY
13 INTERFERE WITH ITS ABILITY TO PRODUCE AN OBJECTIVE REPORT. ANY
14 ORGANIZATION THAT RESPONDS TO THE COMPETITIVE SOLICITATION SHALL

1 DISCLOSE ANY ASSOCIATION THAT IT HAD OR CURRENTLY HAS WITH ANY
2 PUBLICLY TRADED FOSSIL FUEL CORPORATION OR COMPANY, OR ANY
3 SUBSIDIARY, AFFILIATE, OR PARENT OF ANY SUCH CORPORATION OR
4 COMPANY. THE BOARD SHALL ENTER INTO A CONTRACT WITH THE
5 SELECTED ORGANIZATION BY OCTOBER 31, 2019.

6 (2) THE ORGANIZATION SELECTED PURSUANT TO SUBSECTION (1)
7 OF THIS SECTION SHALL INCLUDE THE FOLLOWING IN ITS STUDY:

8 (a) A COMPREHENSIVE ANALYSIS OF THE CLIMATE-RELATED
9 FINANCIAL RISK OF THE ASSOCIATION'S PORTFOLIO AND THE EXPOSURE OF
10 THE FUND TO LONG-TERM RISKS;

11 (b) A SUMMARY OF CLIMATE-RELATED FINANCIAL RISK-RELATED
12 ENGAGEMENT ACTIVITIES UNDERTAKEN; AND

13 (c) A DESCRIPTION OF ADDITIONAL ACTION THAT SHOULD BE
14 TAKEN, OR PLANNED TO BE TAKEN, BY THE BOARD TO ADDRESS
15 CLIMATE-RELATED FINANCIAL RISK, INCLUDING A LIST OF PROXY VOTES
16 AND SHAREHOLDER PROPOSALS INITIATED BY THE BOARD.

17 (3) ON OR BEFORE JULY 15, 2020, THE BOARD SHALL DELIVER A
18 REPORT TO THE GENERAL ASSEMBLY DETAILING THE RESULTS OF THE
19 SELECTED ORGANIZATION'S FINDINGS FROM THE STUDY CONDUCTED
20 PURSUANT TO SUBSECTION (2) OF THIS SECTION.

21 (4) FOR PURPOSES OF THIS SECTION, "CLIMATE-RELATED
22 FINANCIAL RISK" MEANS RISK THAT MAY INCLUDE MATERIAL FINANCIAL
23 RISK POSED TO THE FUND BY THE EFFECTS OF THE CHANGING CLIMATE,
24 SUCH AS INTENSE STORMS, RISING SEA LEVELS, HIGHER GLOBAL
25 TEMPERATURES, ECONOMIC DAMAGES FROM CARBON EMISSIONS, AND
26 OTHER FINANCIAL AND TRANSITION RISKS DUE TO PUBLIC POLICIES TO
27 ADDRESS CLIMATE CHANGE, SHIFTING CONSUMER ATTITUDES, AND

1 CHANGING ECONOMICS OF TRADITIONAL CARBON-INTENSE INDUSTRIES.

2 **SECTION 2. Safety clause.** The general assembly hereby finds,
3 determines, and declares that this act is necessary for the immediate
4 preservation of the public peace, health, and safety.